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**1991/12/31**

ACTION

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P 318824Z DEC 91  
FM AMEMBASSY ISLAMABAD  
TO SECSTATE WASHDC PRIORITY 2798  
INFO AMCONSUL LAHORE  
AMCONSUL KARACHI  
AMCONSUL PESHAWAR  
AMEMBASSY NEW DELHI  
AMEMBASSY BEIJING  
AMEMBASSY LONDON  
USIA WASHDC 4844

CONFIDENTIAL ISLAMABAD 19576

LONDON FOR POL JOHNSON

USIA FOR NEA - RUGH

E.O. 12356: DECL: QADR  
TAGS: MNUC, PREL, KNMP, CH, PK  
SUBJECT: PAK-CHINESE NUCLEAR COOPERATION:

SALE OF A PRC NUCLEAR POWER PLANT?

REFS: A) 89 ISLAMABAD 25421; B) 89 ISLAMABAD 25981;  
C) 91 ISLAMABAD 12718; D) 91 ISLAMABAD 16751; E) 91  
BEIJING 48686;

1. (U) SUMMARY: THE FRONTIER POST REPORTED ON DEC.  
28 THAT A GOP DELEGATION WAS IN BEIJING TO FORMALIZE  
THE PRC'S SALE TO PAKISTAN OF A 300-MEGAWATT NUCLEAR  
POWER PLANT. A FINANCE AGREEMENT HAS REPORTEDLY BEEN  
REACHED, AND THE NEW PLANT IS SAID TO BE SUBJECT TO  
IAEA SAFEGUARDS.

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END SUMMARY.

2. (U) THE ENGLISH-LANGUAGE DAILY FRONTIER POST GAVE  
FRONT-PAGE COVERAGE DEC. 28 TO A REPORT THAT THE  
CHINESE GOVERNMENT HAS AGREED TO SELL PAKISTAN A  
300-MEGAWATT NUCLEAR POWER PLANT. ACCORDING TO THE  
REPORT, PAK ATOMIC ENERGY COMMISSION CHAIRMAN ISHFAQ  
AHMAD WAS CURRENTLY IN BEIJING TO SIGN THE AGREEMENT  
FOR THE SALE OF THE REACTOR. THE POST ARTICLE QUOTED  
AN ANONYMOUS SOURCE AS SAYING "THIS IS GOING TO BE  
CHINA'S NEW YEAR PRESENT TO PAKISTAN." THE PLANT,  
MODELED ON THE RECENTLY COMPLETED 300-MEGAWATT  
QINSHAN POWER STATION, WILL BE BUILT AT CHASHMA NEAR  
MIANWALI IN THE PUNJABI ON THE INDUS RIVER AND WILL  
TAKE SIX YEARS TO COMPLETE. CHINA WILL ALSO  
REPORTEDLY SUPPLY OVER 200 TONS OF ENRICHED URANIUM

TO FUEL THE PLANT. ALTHOUGH THE LEVEL OF ENRICHMENT  
WAS NOT INDICATED. NOTE: CHASHMA WAS THE DESIGNATED  
SITE FOR THE NUCLEAR REPROCESSING PLANT WHICH THE  
FRENCH CONTRACTED TO BUILD IN THE EARLY 70'S.

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FRENCH EVENTUALLY RENEGED ON THE DEAL AS A RESULT OF  
INFORMATION THE U.S. PROVIDED ABOUT PAK NUCLEAR  
INTENTIONS. END NOTE.)

3. (U) ACCORDING TO THE FRONTIER POST, "THE  
FINANCIAL AND TECHNICAL DETAILS" OF THE PURCHASE HAD  
BEEN FINALIZED DURING PRESIDENT JIANG'S VISIT TO  
BEIJING LAST YEAR. THE CHINESE WERE SAID TO BE READY  
TO GIVE "A SUPPLIER'S U.S. SHORT-TERM CREDIT" TO  
FINANCE THE USD 500 MILLION FOREIGN EXCHANGE  
COMPONENT OF THE SALE.

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5. (U) NOTING THAT THE SALE OF THE PLANT  
REPRESENTED CHINA'S FIRST EXPORT OF A NUCLEAR POWER  
PLANT, THE POST ARTICLE STATED THAT THE PLANT WOULD  
BE COVERED BY IAEA SAFEGUARDS BECAUSE, ALTHOUGH CHINA

HAD NOT YET SIGNED THE NPT, "CHINA FULLY ADHERES TO  
IAEA LAWS." WHILE OBSERVING THAT THE CHINESE  
PARLIAMENT WAS CURRENTLY DEBATING WHETHER TO SIGN THE  
NPT (REF D), THE ARTICLE CLAIMED THAT THE SAFEGUARDED  
STATUS OF THE POWER PLANT WOULD REMAIN UNCHANGED.

6. (U) THE FRONTIER POST STORY ALLEGES THAT IT WAS  
LI PENG'S OFFER OF A NUCLEAR PLANT IN 1989 WHICH HAD  
PROMPTED THE FRENCH TO FOLLOW SUIT WITH AN OFFER OF A  
900-MEGAWATT REACTOR. ACCORDING TO THE NEWSPAPER,  
HOWEVER, MEMBERS OF THE PAK NUCLEAR ESTABLISHMENT ARE  
NOW NO LONGER EXCITED BY THE FRENCH OFFER AND ARE  
QUOTED AS SAYING "OUR HANDS ARE GOING TO BE FULL:  
ONE AT A TIME IS A BETTER SCIENTIFIC PROPOSAL."

NOTE: THE GOVT AND THE GOP HAVE BEEN NEGOTIATING THE  
SALE OF A POWER PLANT FOR MORE THAN A DECADE. END  
NOTE.)

7. (U) THIS PRESS REPORT FOLLOWS ON THE HEELS OF  
THE DEC 21-24 VISIT TO PAKISTAN OF MADAME HU QIHEUNG,  
THE VICE-PRESIDENT OF THE CHINESE ACADEMY OF  
SCIENCES. DURING HER VISIT, HU REPORTEDLY WORKED OUT  
AN AGREEMENT WITH THE PAKISTAN ATOMIC ENERGY  
COMMISSION (PAEC) FOR COOPERATION IN THE FIELD OF  
NUCLEAR ENERGY.

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